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*Attorneys for Debtors
and Debtors in Possession*

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re:

PG&E CORPORATION,

- and -

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

- ☐ Affects PG&E Corporation
☐ Affects Pacific Gas and Electric Company
☒ Affects both Debtors

** All papers shall be filed in the Lead Case,
No. 19-30088 (DM).*

Bankruptcy Case No. 19-30088 (DM)
Chapter 11 (Lead Case) (Jointly Administered)

**DECLARATION OF TOMER PERRY IN
SUPPORT OF DEBTORS' OBJECTION
TO MOTION OF THE AD HOC
COMMITTEE OF SENIOR UNSECURED
NOTEHOLDERS TO TERMINATE THE
DEBTORS' EXCLUSIVE PERIODS
PURSUANT TO SECTION 1121(d)(1) OF
THE BANKRUPTCY CODE**

Hearing Date: July 24, 2019
Time: 9:30 a.m. (Pacific Time)
Place: United States Bankruptcy Court
Courtroom 17, 16th Floor
San Francisco, CA 94102

Obj. Deadline: July 18, 2019, 4:00 p.m. (PT)

1 I, Tomer Perry, pursuant to 28 U.S.C. § 1746, hereby declare that the following is
2 true to the best of my knowledge, information, and belief:

3 I am a Managing Director in the Capital Markets & Capital Structure Advisory Group
4 at Lazard Frères & Co. LLC (“**Lazard**” or the “**Firm**”), which, by Order dated May 24, 2019
5 [Docket No. 2229], is authorized to provide investment banking services to PG&E Corporation and
6 Pacific Gas and Electric Company, as debtors and debtors-in-possession (collectively, “**PG&E**” or
7 the “**Debtors**”) in the above-captioned Chapter 11 Cases (the “**Chapter 11 Cases**”). I my role as a
8 Managing Director, I work on a broad range of advisory assignments for clients throughout the Firm,
9 with a focus on acquisition financing, credit ratings, structured equity & minority investments, debt
10 placements, debt restructurings, and liability management.

11 I joined Lazard in 2009 from Goldman Sachs & Co., where I focused on mergers and
12 acquisitions and capital raising activities. Previously, I was a project manager at Amdocs and an
13 Officer in the Israel Defense Forces (IDF). I have received an M.B.A. from Yale University and a
14 B.A. in Economics and Computer Science from Bar-Illan University in Israel.

15 I submit this Declaration in support of the Debtors’ Objection (the “**Objection**”),
16 filed contemporaneously herewith, to the *Motion of the Ad Hoc Committee of Senior Unsecured*
17 *Noteholders to Terminate the Debtors’ Exclusive Periods Pursuant to Section 1121(d)(1) of the*
18 *Bankruptcy Code*, dated June 25, 2019 [Docket No. 2741] (the “**Termination Motion**”).¹ Except
19 as otherwise indicated herein, the facts set forth in this Declaration are based upon my personal
20 knowledge, my review of relevant documents, including the Ad Hoc Term Sheet and the Amended
21 Ad Hoc Term Sheet (each as defined below), and information provided to me by the Debtors’
22 employees or the Debtors’ legal, restructuring, and financial advisors. If called upon to testify, I
23 would testify competently to the facts set forth in this Declaration. I am authorized to submit this
24 Declaration on behalf of the Debtors.

25
26 ¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such
27 terms in the Objection.
28

1 I have reviewed the “Term Sheet for Plan of Reorganization” (the “**Ad Hoc Term**
2 **Sheet**”) annexed by the Ad Hoc Committee as an exhibit to its Termination Motion, as well as the
3 *Amended Plan Term Sheet* filed by the Ad Hoc Committee on July 17, 2019 (the “**Amended Ad**
4 **Hoc Term Sheet**”). Based upon my review, the Amended Ad Hoc Term Sheet seeks to provide a
5 first mortgage on all “Principal Property” of the Debtors for the benefit of the Long-Term Utility
6 Replacement Notes and reduce the blended rate of interest on such notes by 10 basis points (one-
7 tenth of one percent) relative to the current interest rates. Based on my review of publicly available
8 market data and my experience, there is typically a greater spread differential between secured and
9 unsecured indebtedness than the proposed 10 basis points in the Amended Ad Hoc Term Sheet.

10 An analysis of publicly available market data related to current trading levels of
11 US-dollar denominated corporate bonds with ratings in the BB and BBB range (per Standard &
12 Poor’s rating), and with greater than \$250 million of outstanding indebtedness, indicates that for
13 corporate issuers with both outstanding secured and unsecured tranches of comparable tenor bonds
14 (representing a data set of approximately \$30 billion of bonds), the median spread between secured
15 notes and unsecured notes is approximately 40 basis points.

16 I believe that this data suggests that the proposed interest rate reduction of 10 basis
17 points on the collateralized Long-Term Utility Replacement Notes, as provided for in the Amended
18 Ad Hoc Term Sheet, is materially less than the implied spread differential between secured and
19 unsecured indebtedness that currently prevails in the corporate bond market. Accordingly, based
20 on the data I have reviewed and my experience, I believe that if the changes proposed pursuant to
21 the Amended Ad Hoc Term Sheet are implemented – *i.e.*, collateralizing the replacement notes
22 with only a 10 basis point interest rate reduction – the perceived market value of the Long-Term
23 Utility Replacement Notes would be higher than the perceived market value of the existing
24 unsecured notes if they were otherwise reinstated.

25 [Remainder of Page Intentional Left Blank]
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1 Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that, to the best of
2 my knowledge and after reasonable inquiry, the foregoing is true and correct and that this Declaration
3 was executed in New York, NY, on July 18, 2019.

4
5 /s/ Tomer Perry

6 By: Tomer Perry
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